

Tax does not apply to the renting of automobiles to a governmental body so long as such transaction meets the requirements of 86 Ill. Adm. Code 180(a)-(h). (This is a GIL.)

June 22, 2001

Dear Xxxxx:

This letter is in response to your letter dated March 16, 2001. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See, 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

I am writing this letter in response to an issue that has recently been presented by the car rental company the city currently uses while conducting city business out of state. For insurance purposes and for the convenience of direct billing the CITY is actually the renter. The city has a corporate account with the rental company and all charges are in the city's name and all billing is done directly to the city and all charges are paid for on a government draft. The city employee is only listed as the driver. My question for you is as follows:

- Since the CITY is a governmental entity would the above rental transactions in your state be exempt from any sales taxes that your state may impose? Yes \_\_\_\_\_ No \_\_\_\_\_

Comments \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

State of \_\_\_\_\_

Telephone Number \_\_\_\_\_

E-Mail Address \_\_\_\_\_

A self-addressed stamped envelope is provided for your convenience of responding.

The State of Illinois does not tax the renting of automobiles to any governmental entity so long as those transactions fall within the guidelines provided by 86 Ill. Adm. Code 180.130(a) – (h). Nevertheless, governmental bodies do not automatically qualify for exemption. They must make application to the Illinois Department of Revenue and receive an exemption identification number (an “E” number). See 86 Ill. Adm. Code 130.2007. This number evidences that the Department recognizes the governmental body as exempt from Use Tax when purchasing (or from the Automobile Renting Use Tax, in the case of short-term automobile rentals) in furtherance of

governmental purposes. If an organization does not have an E number, then it is subject to tax. Please be aware that only sales to organizations holding the E number are exempt, not sales to individual members of the organization.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Shane McCreery

By:  
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Enc.